

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-48-E - ORDER NO. 2005-170
APRIL 1, 2005

IN RE: Application of Duke Power Company, a) ORDER
 Division of Duke Energy Corporation for)
 Approval of Two New Rate Schedules,)
 Schedule HP-Flex (SC), Hourly Pricing,)
 Flexible Baseline (Pilot) and Rider NL (SC),)
 Economic Development for New Load)
 (Pilot).)

 This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of Duke Power (Duke or the Company) for approval of two new rate schedules, Schedule HP-Flex (SC), Hourly Pricing, Flexible Baseline (Pilot) and Rider NL (SC), Economic Development for New Load (Pilot). The Company also asks for approval of minor wording changes in existing Schedule HP-X. We would note that no Notice or hearing is required for experimental programs, as per S.C. Code Ann. Section 58-27-870(F)(Supp. 2004), nor do we believe that Notice or hearing are necessary for minor wording changes. Accordingly, we will proceed to rule on the filings without Notice or hearing.

 According to Duke, the Schedule HP-Flex (SC) rate schedule is responsive to a number of commercial and industrial customer requests to provide more flexibility in managing their electricity costs. The new rate schedule will provide customers who choose Duke's hourly pricing rate option the flexibility to determine the amount of load that is subject to the variability of marginal cost-based hourly prices rather than be bound

by the methodology in the current rate schedule HP-X which is based on an established Customer Baseline.

We have examined this proposal. The Office of Regulatory Staff (ORS) has no opposition to it. We agree with Duke's statements of the Schedule's merits, therefore, we believe that approval should be granted.

Further, according to Duke, the Rider NL (SC) is designed to attract new load to Duke Power's service area by allowing such customer to begin service with a customer baseline initially established at zero. Over four years, the Customer Baseline is incrementally increased to the level that would normally be established for full operation of the facility. Therefore, the amount of demand and energy priced at marginal cost pricing is incrementally decreased, while the amount of demand and energy priced at standard tariff rates is incrementally increased. The ORS states that under Rider NL, there exists the possibility of revenue shortfalls during the initial four-year period, therefore, ORS recommends that the Company be required to track any foregone revenue incurred as a result of this offering and any appropriate ratemaking treatment be allowed to be considered in future rate proceedings or other rate reviews. We accept the recommendation and believe that the Rider NL should be approved with the change.

We have also examined suggested minor wording changes in existing Schedule HP-X to clarify actual practice regarding Power Factor Correction and modifications of the Customer Baseline. We believe that these changes should be approved. Accordingly, we make the following:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Duke Power seeks approval of two new rate schedules, Schedule HP-Flex (SC), Hourly Pricing, Flexible Baseline (Pilot) and Rider NL (SC), Economic Development for New Load (Pilot).

2. That Company also seeks approval of some suggested minor wording changes in existing Schedule HP-X to clarify actual practice regarding Power Factor Correction and modifications of the Customer Baseline.

3. Schedule HP-Flex (SC), Hourly Pricing, Flexible Baseline (Pilot) should be approved as filed. The Office of Regulatory Staff does not oppose such approval.

4. With regard to Rider NL (SC), Economic Development for New Load (Pilot) should be approved as modified. The ORS recommendation should be accepted. Since the possibility of revenue shortfalls exists during the first four years of Rider NL (SC), Duke should track any foregone revenue incurred as a result of said Rider, so that appropriate ratemaking treatment may be considered in future rate proceedings or rate reviews.

5. The proposed suggested minor wording changes in existing Schedule HP-X to clarify actual practice regarding Power Factor Correction and modifications of the Customer Baseline should be approved.

ORDER

The two new rate schedules are approved as described above, as are the minor wording changes in existing Schedule HP-X. The Company shall furnish to the Commission and ORS ten copies each of the Schedules within ten days of receipt of this

Order. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

/s/
Randy Mitchell, Chairman

ATTEST:

/s/
G. O'Neal Hamilton, Vice-Chairman

(SEAL)